Instructor's Manual

to accompany

PROJECT

MANAGEMENT

CASE STUDIES

FIFTH EDITION

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Contents

Author's note

This manual is intended to accompany the fifth edition of *Project Management Case Studies*. The majority of the questions and the answers provided here follow the text of that book (see the questions at the end of each case study in the book). However, there are some case studies for which no answers to the questions from the book are provided in this manual (Camden Construction Corporation, Cory Electric, To Bid or Not to Bid, etc.). This is because for these cases there is no single correct answer; the questions are provided for classroom discussion. For some cases this manual includes both types of questions: the questions from the text appear and are supplemented with additional discussion questions not found in the book.

There are also some case studies that have no questions in *Project Management Case Studies* but for which questions and answers are provided in the manual (Falls Engineering, Crosby Manufacturing Corporation, Fargo Foods, and the four case studies of the Singapore Software Group). These questions and answers may be used as examination questions by the instructor.

1

Project Management Methodologies

Lakes Automotive

1. How do companies combine methodologies?

    Just as mergers or acquisitions work, there will be a landlord and a tenant. The landlord generally controls the decision-making process, and we hope that the landlord has a good understanding of project management. Usually the tenant will agree with the landlord's decisions about a methodology, but this is not always the case. There should be agreement between everyone who eventually will be users of the methodology.

2. How do you get employees to change work habits that have proven to be successful?

    Employees must see what is in it for them if they change work habits. If they are unwilling to make changes, then senior management may find it necessary to force the issue and dictate the necessary changes.

3. What influence should a customer have in redesigning a methodology that has proven to be successful?

    This is a tough question to answer. Generally, the customer has no input. However, there are two exceptions where you may ask the customer for input: (a) you expect a lot of follow-on work from this customer, and (b) the project takes place at the customer's location and your methodology must fit the customer's business model.

4. What if the customers want the existing methodologies left intact?

    Now you must ask yourself how import repeat business is from this customer.

5. What if the customers are unhappy with the new combined methodology?

    The answer here is similar to the answer to question 4. If customers are unhappy with your methodology, you may have to create a flexible methodology or framework that you then can customize for each different client's needs.

Ferris Healthcare, Inc.

1. Why was it so difficult to develop a single methodology from the start?

    It is almost impossible to develop a singular methodology that includes the features and needs of every type of project in the organization.

2. Why were all three initial methodologies based on policies and procedures?

Executives did not trust the project managers and were afraid that the project managers would make decisions that were reserved for senior levels of management.

3. Why do you believe the organization later was willing to accept a single methodology?

    Doing so was necessary to remain competitive, and senior management understood that project managers must have some degree of freedom in how the methodology should be used.

4. Why was the single methodology based on guidelines rather than policies and procedures?

    To give project managers some degree of freedom and flexibility.

5. Did it make sense to have the fourth day of the training program devoted to the methodology and immediately attached to the end of the three-day program?

    Presenting the methodology first would have made it easier for people to understand how the material they learned in the first three days would be used and applied. The longer you wait, the greater the potential resistance that could appear.

6. Why was the consultant not allowed to teach the methodology?

    Most methodologies have proprietary data and are based on company-specific policies and procedures.

Clark Faucet Company

1. What is the critical issue?

    There are two critical issues in the case study. First, the company has too many projects going on at the same time. Without any type of prioritization system in place, project overload is devastating Second, either marketing and engineering simply don't understand each other's problems, or the departments simply do recognize or appreciate each other's problems.

2. What can be done about it?

    There has to be a prioritization system for projects. It is unlikely that any company can have 375 projects in a queue without any type of prioritization system. There should be a prioritization committee, with representation from marketing and engineering, on the committee.

3. Can excellence in project management still be achieved and, if so, how? What steps would you recommend?

    Even if a prioritization committee exists, it may not be possible to achieve true excellence in project management if the culture is noncooperative. Squabbling between marketing and engineering has spread throughout the company and created damage, which may not be able to be repaired in the short term.

4. Given the current noncooperative culture, how long will it take to achieve a good cooperative project management culture and even excellence?

    A minimum of two years, or even three, may be needed for people to forget the past.

5. What obstacles exist in getting marketing and engineering to agree to a single methodology for project management?

Each functional area has their own set of priorities. They are making suboptimal decisions rather than decisions in the best interest of the company.

6. What might happen if benchmarking studies indicate that either marketing or engineering are at fault?

The situation could get worse if one functional area constructs "brick walls" around their group and refuses to cooperate with other functional groups.

7. Should a single methodology for project management have a process for the prioritization of projects, or should some committee external to the methodology accomplish this?

It is best if this is done as part of the methodology.

Creating A Methodology

1. What can you determine about the corporate culture from the fact that they waited this long to consider the development of an EPM system?

It looks like the corporate culture focuses heavily on power and authority. There is an inherent fear that whichever executive gets control of the EPM system will become more powerful than other executives.

2. Can a PMO accelerate the implementation process?

A PMO can shorten the EPM development and implementation by at least one year, especially if the PMO reports high up in the company.

3. Is it acceptable for the PMO to report to the Chief Information Officer or to someone else?

PMOs typically report to someone at the "C" level of the organization; CEO, COO, CIO, or CFO. If the PMO reports lower, it may lack the necessary clout to get their job done.

4. Why is it best to have six or less life cycle phase in an EPM system?

Having more than six life-cycle phase can create unnecessary work, with additional reporting requirements at the end of each phase.

5. Is it best to design an EPM system around flexible or inflexible elements? Generally, when first developing an EPM system, do companies prefer to use formality or informality in the design?

Methodologies work best when there is a good amount of flexibility built into the methodology. However, most companies that just start out developing a methodology usually focus on rigid policies and procedures. The exception is when a PMO is in place; in that case, the company may be able to begin with a more informal system.

6. Should an EPM system have the capability of capturing best practices?

Today, best practices are viewed as competitive weapons. As such, methodologies must have the necessary documentation to extract these best practices during the project or at the completion of the project.

Honicker Corporation

1. What are Honicker's options now?

    Honicker has only two choices: It must either win the support of the companies or act as a landlord and force the resolution of the problem in its favor. Forcing the issue comes with risks of alienation and lack of support. The best option would be for Honicker to use effective stakeholder relations management techniques and try to win their support.

2. What would you recommend that Honicker do first?

    To win the companies' support, Honicker must first understand the problem. It may be necessary to hold project management seminars and educate possible nonsupporters on the value of project management and the importance of a good project management methodology.

3. What if, after all attempts, Gamma and Delta companies refuse to come on board?

    At this point, there may be no options left other than to force the issue. If resistance is still expected, then it may be necessary to replace senior management in some of the acquired companies with Honicker employees.

4. What if Alpha Company is adamant that its approach is best and refuses to budge?

    If Alpha Company has a proven record of success in the use of its own methodology, then Honicker should be open-minded and understand that perhaps a reasonable compromise is in order. It is entirely possible that Alpha Company's methodology is superior to Honicker's methodology. Honicker should consider this.

5. What if Gamma and Delta companies argue that their clients and stakeholders have not readily accepted the project management approach and they wish to be left alone with regard to dealing with their clients?

    This is a bad situation. Honicker may have to force them to accept and use the EPM system. It may be a good idea to offer project management training to the clients of Gamma and Delta companies as well. All of the companies must agree to and use the methodology.

6. Under what conditions would Honicker decide to back away and let each company do its own thing?

    In some countries, project managers are viewed as a threat to senior management, and some stakeholders may believe that project managers do not sit high enough in the organization to interface with them. If the company is highly successful and its clients are adamant about not wanting to use an EPM system, Honicker may have to make a concession.

7. How easy or difficult is it to get several geographically dispersed companies to agree to the same culture and methodology?

It is common practice for corporate to want to have all divisions or satellite companies manage with the same tools. But often this is dependent on the strength and importance of the local culture at the location where the company must perform and interface. Honicker can replace senior management in these companies with its own personnel, especially if senior management is composed of nationals. But there is a risk in doing this, especially if it alienates local clients to the point where they might seek out other suppliers.

8. If all four companies were willing to cooperate with one another, how long do you think it would take for an agreement on and acceptance to use the new EPM system?

    Two years is probably correct, given the project management maturity level of these companies. Parts of this case study are factual, and it took the parent company two years to get everyone to agree to a common methodology.

9. Which stakeholders may be powerful and which are not?

    It is impossible to tell which stakeholders are powerful. Alpha Company has project management expertise, so it may be able to exert some type of power.

10. Which stakeholder(s) may have the power to kill this project?

    This is a tough question. As long as Honicker is in the driver's seat, only Honicker has the power to kill the project. Some satellite companies may refuse to participate, but they cannot kill the project.

11. What can Honicker do to win their support?

    Honicker must demonstrate a willingness to listen to their arguments and compromise if necessary. Honicker may also wish to set up project management educational programs or at least a training course on its existing methodology. Alpha Company should also have the right to educate people on its methodology and then let people decide which approach is better.

12. If Honicker cannot win their support, then how should Honicker manage their opposition?

    This is the point where the landlord may have to exert control over the tenants.

13. What if all four companies agree to the project management methodology and then some of the client stakeholders show a lack of support for use of the methodology?

    This could very well be the worst possible situation. Honicker may have to offer training to clients in order for them to see the benefits of using the EPM system. If that doesn't work, it may be necessary to allow different forms of project management to exist within the same company

Acquisition Problem

Companies often rush into mergers and acquisitions without considering whether the project management systems of both firms can be combined easily. Sometimes the inability of integration can lead to a failure of the merger or acquisition. This case shows what happens when project management is not considered during the

acquisition decision-making process. The Honicker Corporation Case Study is a logical follow-on to this case.

1. Why is it so difficult to get senior management to consider the impact on project management during preacquisition decision making?

   The longer senior managers remain in senior positions, the farther removed they are from the daily operations of the firm. The role of senior management is more strategic than operational. Therefore, they tend to focus on strategic issues during acquisitions rather than operational issues.

   However, if project management is the life's blood of future projects and products, then there is a valid argument that project management should be considered as soon as possible. Executives who are knowledgeable in project management certainly understand the critical issues. Unfortunately, because acquisitions are often secretive in nature, the more people who know about it, the greater the likelihood of insider trading. Therefore, the working levels, which may not have been informed about the acquisition intentions of senior management early on, generally are informed about the acquisition after the acquisition is completed.

2. Are the acquisition objectives in Table I realistic? (See Table I, p. 21, *Project Management Case Studies*.)

   The strategic and financial objectives are realistic. However, it may have been better if Lenore did her homework correctly and tried to quantify the strategic and financial objectives. Quantification seems to be missing.

3. How much time is really needed to get economies of combined operations?

   Although most companies seem to believe that economies of scale can be accomplished in six months to one year, between one and two years is closer to the truth.

4. How should Lenore handle differences in the project management approach if Lenore has the better approach?

   Lenore Industries is the landlord and Belle Manufacturing is the tenant. If Lenore has the better approach, then Lenore must convince or force Belle to accept its approach.

5. How should Lenore handle differences in the project management approach if Belle has the better approach?

   Lenore Industries must be willing to admit that Belle Manufacturing has the better approach and to recognize the benefits in its adoption across Lenore Industries. If Lenore is unwilling to accept the Belle approach, it is entirely possible that there will be an exodus of workers leaving Belle after the acquisition.

6. How should Lenore handle differences in the project management approach if neither Lenore nor Belle have any project management?

   In this case, a joint committee must be established to come up with a workable project management that satisfies the needs of both participants. This could be a learning experience for both companies.

7. How should Lenore handle differences in the culture if Lenore has the better culture?

If Lenore Industries has the better culture, then it should force the issue. If Belle Manufacturing is unwilling to accept the new culture, then Lenore Industries may find it necessary to replace Belle's management with a seasoned Lenore management team.

8. How should Lenore handle differences in the culture if Belle has the better culture?

This is a difficult situation if Lenore Industries does not realize that Belle Manufacturing has the better culture. There is a landlord and there is a tenant. If Lenore Industries is unwilling to accept the change, then Belle Manufacturing may have no choice but to accept Lenore's culture. (Note: The Radiance International case study is a good example of what can happen in a situation like this.)

9. How should Lenore Industries handle differences in the wage and salary administration program?

This is a very sensitive situation. Unless a wage and salary administration program can be established that is acceptable to both firms, there could be an exodus of workers who believe they are underpaid. Also, people may be applying for internal transfer to a unit that offers the better salary structure or opportunities for advancement.

10. Is it possible to prevent an overoptimistic view of the project management capability of the company being acquired?

Almost every acquisition overestimates the capabilities of the firm being acquired. There is really no way to prevent this without doing an in-depth analysis of the workforce, and doing this would make people aware that an acquisition is in progress.

11. How should Lenore handle disparities in leadership?

The question is which company has the better leadership. Although this almost always can be debated if both companies are reasonably successful, there is still a landlord–tenant relationship in place. It is quite common for the landlord to place some of its own personnel in the tenant's organization.